

Statement of Marcia Y. Kinter

Specialty Graphic Imaging Association

Before the Subcommittee on Environment and the Economy

“Environmental Regulations, the Economy and Jobs”

February 15, 2011

Good afternoon, my name is Marci Kinter and I am the Vice President – Government and Business Information for the Specialty Graphic Imaging Association, or SGIA. Thank you for the opportunity to address you this afternoon regarding a timely industry concern.

Specifically, I am here today to address a misguided interpretation of the by-products exemption included in the Toxic Substance Control Act's Inventory Update law. This proposed interpretation, offered by the EPA Office of Chemical Safety and Pollution Prevention, will impose a significant reporting burden on the struggling US manufacturing sector without providing additional health, safety, or environmental benefit beyond that already provided under existing EPA and OSHA regulations. It is vital that you remind EPA of Congressional intent to exempt most by-products from the reporting requirements under the TSCA Inventory Update Rule, or IUR. Your interest in this matter is timely as the rule that I am here to discuss is currently undergoing interagency review.

SGIA represents the interests of those facilities that produce a wide array of products using either the screen printing or digital imaging print platform. Products, such as all types of signage, the membrane switch on your microwave oven, the defrost pattern on your car's rear window to the message on this T-shirt are produced by the industry sector I represent. Currently, there are over 25,000 screen and digital printing facilities operating in the US. The screen and digital print community is comprised of small businesses – the average facility size ranges from 15 to 40 employees. As you know, the cost of regulatory compliance poses a significantly higher burden on the small business community.

The TSCA Inventory Update Rule requires the reporting of extensive data concerning the manufacturing, processing and use of chemical substances. I am not here today to discuss the benefits or burdens of the whole TSCA Inventory Update Rule. Instead I would like to focus on a specific aspect - EPA's misinterpretation of the by-product exemption under the proposed amendments to the IUR. In

the proposed rule, EPA provides a deeply misguided interpretation that waste by-products generated during the manufacture of items, like t shirts, are new chemicals if the manufacturer has the temerity to do the right thing by sending the waste by-products for recycling rather than disposing of them.

With this interpretation EPA will impose a significant reporting burden on the manufacturing sector by nullifying Congress' intention to exempt manufacturing by-products from IUR reporting. Furthermore, by requiring reporting for by-products that are sent for recycling, EPA is undercutting their own efforts to promote recycling.

We were shocked to discover that the proposed TSCA IUR would have an actual regulatory impact as we are printers and not chemical manufacturers. While the screen and digital printing processes use chemicals, including inks and solvents, we certainly did not consider ourselves to be chemical manufacturers and therefore subject to TSCA IUR. At the end of the day, the final product that moves out the door is the printed product, such as the t-shirt or membrane switch, not a chemical product. It may seem quite obvious to you, but we are in the business of manufacturing printed t-shirts, not spent solvent. Under their interpretation, sending our waste by-products, such as spent solvents and inks, for recycling would be considered by EPA to be the manufacturing of a new chemical for commercial purposes - subjecting us to registration and reporting of our waste by-products under TSCA. Our companies, as well as the recyclers of these waste-by-products, are already regulated by both OSHA for worker exposures as well as US EPA for proper handling and disposal. Additional recordkeeping and reporting under TSCA IUR of these waste by-products sent for recycling materials represents a significant burden with little or no discernable environmental benefit.

EPA's misguided interpretation will not affect only will those facilities represented by SGIA. Manufacturers of all sorts, from industries as diverse as printed circuit board manufacturers to paper products, will now be burdened by reporting their waste by-products as new chemicals. Every

manufacturing sector that has opted to send their waste-by-products out for recycling rather than disposal will be saddled with this recordkeeping and reporting burden.

In their proposal, US EPA deeply underestimated the impact of their misguided interpretation. EPA failed to assess the impact of this new reporting burden on this large universe of facilities. Instead, EPA's burden and cost assessment considered only facilities that reported in 2006. Our members, which are product manufacturers did not report in 2006, as TSCA has long been held to impact those companies whose primary business is manufacturing and placing chemicals into commerce. Despite the significant burden this interpretation would impose on our struggling manufacturing sector, there is no increase in environmental protection associated with the reporting of waste by-products as new chemicals under the IUR.

There is still time to take action, but we need your help. We believe that the interpretation offered by the US EPA regarding the reporting of by-products is not what Congress intended. The waste by-products offered by the US product manufacturing community are already regulated by US EPA, and the proposal would only increase the regulatory burden with no discernable environmental benefit.

Thank you again for the opportunity to appear before you today. I would be happy to answer any questions you might have on this critical industry topic.

Summary of Testimony
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1. The US EPA's proposed changes to the Toxic Substances Control Act's Inventory Update Rule (IUR) is currently undergoing interagency review and includes a misguided interpretation for reporting of by-products that triggers a significant reporting burden on the US manufacturing industry base without any discernable environmental benefit.
2. US EPA's misguided interpretation of the by-products exemption included in the Toxic Substances Control Act's Inventory Update Law nullifies Congress' intent to exempt manufacturing by-products from reporting under the Inventory Update Rule (IUR).
3. US EPA's misguided interpretation would classify all recycled waste by-products as new chemicals subject to reporting under the IUR thus establishing a disincentive for facilities to recycle.
4. This interpretation would not only impact the screen printing and digital printing manufacturing base but any product manufacturer, such as those producing electronic circuits, paper board, construction materials, etc., as all have the capacity to produce liquid waste by-products.
5. In developing the proposed changes, US EPA deeply underestimated the impact of their misguided interpretation as the proposal's burden and cost assessment only considered facilities that reported in 2006. Product manufacturers, unaware of the regulatory impact of the IUR, did not report in 2006.
6. Those in the product manufacturing community request help to ensure that Congress' initial intent to exempt manufacturing by-products from reporting under the IUR is maintained as these waste by-products are already regulated by the US EPA and this proposal would only increase the regulatory burden of the small business community.